

U.S.- Colombia Trade Promotion Agreement

Market Access Results

Transportation Equipment

Trade and Tariffs

The transportation sector covers large cargo vehicles, railway vehicles, and cargo vessels. Transportation equipment accounted for 1 percent of U.S. industrial exports to Colombia in 2006, totaling \$51.4 million. The top U.S. exports in this sector were railway and tramway cars, truck axles, light sea vessels, and locomotives. Colombian tariffs range between zero and 20 percent with an average of 12.7 percent in 2006.

Colombia exported a negligible amount of transportation equipment to the United States in 2006. U.S. tariffs applied to the transportation sector range from zero to 15 percent, with an average of 3 percent. All Colombian exports in this sector enter the United States duty-free under the Andean Trade Preference Act (ATPA) and Andean Trade Promotion and Drug Eradication Act (ATPDEA) tariff preferences.

Tariff Elimination

Tariffs will be phased out according to five tariff elimination categories: immediate elimination, equal cuts over five years, unequal cuts over five years, equal cuts over seven years, and equal cuts over ten years. Tariff elimination under the unequal five-year staging category will proceed with a 10 percent tariff cut in years one and two, a 30 percent cut in year three, a 20 percent cut in year four, and the remaining 30 percent tariff cut in year five.

For transportation equipment, 91 percent of U.S. industrial exports will receive duty-free treatment immediately upon implementation of the Agreement. Tariffs on another 2 percent of exports will be eliminated over five years. Duties on the remaining 7 percent of U.S. exports will be eliminated over ten years.

The United States agreed to consolidate all ATPA and ATPDEA tariff preferences into the final tariff elimination schedules. This means that all transportation equipment exports from Colombia will continue to receive duty-free treatment.

Non-Tariff Barriers

Colombia will eliminate its prohibition on the importation of remanufactured transportation equipment, as defined in Chapter Four - Rules of Origin, on entry into force of the Agreement. Colombia will eliminate tariffs on most remanufactured transportation equipment immediately and will phase out tariffs on a small number of remanufactured goods over 10 years.